

Message Text

CONFIDENTIAL

PAGE 01 STATE 204754
ORIGIN ARA-14

INFO OCT-01 ISO-00 EUR-12 EB-08 NSC-05 EA-10 AID-05
SS-15 PA-01 L-03 IO-13 AGR-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NEA-10 NSAE-00 ICA-11
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APPROVED BY:ARA:JABUSHNELL
EUR/CE-MS. FLYNN
EB/ODF-MR. NASH (SUBS)
LAC/CAR:GGOWER
NSC-R. PASTOR

-----096106 150902Z /10/64

P 121328Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY BONN PRIORITY
INFO AMEMBASSY TOKYO
AMEMBASSY OTTAWA
AMEMBASSY CARACAS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY NASSAU

C O N F I D E N T I A L STATE 204754

USOECD

C O R R E C T E D C O P Y(PARA2 SUBPARA 10 LINES OMITTED)

E.O. 11652: GDS

TAGS: ECIN, EAID, XL, GW

SUBJECT:FRG CONTRIBUTION TO CARIBBEAN DEVELOPMENT FACILITY
REFS: (A) STATE 174550; (B) STATE 162574; (C) STATE 134135
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 204754

1. GUENTHER DAHLHOFF OF FRG EMBASSY HERE SPOKE TO MR.
PASTOR OF NCS ON AUGUST 8 ABOUT PRESIDENT'S REMARKS TO
SCHMIDT DURING BONN SUMMIT, URGING GERMANY TO CONTRIBUTE
TO THE CARIBBEAN GROUP (CG) AT THIS TIME THROUGH THE
CARIBBEAN DEVELOPMENT FACILITY (CDF). DAHLHOFF SAID
MATTER WOULD BE RAISED IN FRG CABINET MEETING.

2. WE ARE UNCERTAIN THAT DAHLHOFF WILL GIVE A FULL ACCOUNT OF THE CONVERSATION, AND EMBASSY IS REQUESTED TO REVIEW MATTER WITH APPROPRIATE FRG OFFICIALS, DRAWING ON POINTS BELOW:

WE GIVE HIGH PRIORITY TO THE CG AND ITS OBJECTIVE OF PROMOTING REGIONAL COOPERATION IN THE CARIBBEAN.

THE CDF WAS THE CENTERPIECE OF THE FIRST MEETING OF THE CG IN JUNE. AT THE MEETING IT WAS DECIDED THAT THE ORIGINAL FIRST YEAR TARGET OF DOLS 125 MILLION FOR CONTRIBUTIONS TO THE CDF TO HELP CARIBBEAN COUNTRIES WITH THE LOCAL COSTS AND COST OVERRUNS OF DEVELOPMENT

PROJECTS WAS APPROXIMATELY DOLS 20 MILLION TOO LOW.

ALTHOUGH THE ORIGINAL DOLS 125 MILLION TARGET FOR THE CDF IS LIKELY TO BE MET, ADDITIONAL CONTRIBUTIONS ARE NOW NEEDED TO MEET THE INCREASED NEEDS WHICH WERE IDENTIFIED AT THE JUNE CG MEETING.

WE HAVE SAID WE WOULD TRY TO CONTRIBUTE UP TO 30 OF THE ORIGINAL DOLS 125 MILLION TARGET OF THE CDF AND PLEDGED DOLS 20 MILLION OF THIS AMOUNT AT THE JUNE CG MEETING, SUBJECT TO CONGRESSIONAL APPROVAL. OTHER SUB-CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 204754

STANTIAL DONORS INCLUDE THE U.K., CANADA, FRANCE, THE NETHERLANDS, OPEC, AND VENEZUELA.

THE FRG HAS NOT PLAYED AN ACTIVE ROLE IN THE CG. IT HAS NOT CONTRIBUTED TO THE CDF, BUT WE STILL HOPE IT WILL DO SO AND WILL PLEDGE FUNDS TO HELP MEET THE ADDITIONAL CDF NEEDS IDENTIFIED AT THE JUNE CG MEETING.

YOU MAY ALSO WISH TO INDICATE WE ARE HOPEFUL THE FRG WILL CONTRIBUTE FUNDS TO THE CDF FOR USE IN THE DOMINICAN REPUBLIC. THE NEWLY ELECTED SOCIAL DEMOCRATIC GOVERNMENT THERE WILL BE INAUGURATED ON AUGUST 16. ANTONIO GUZMAN, THE NEW PRESIDENT, WILL BE CONFRONTED WITH AN EMPTY TREASURY, A LARGE BALANCE OF PAYMENTS DEFICIT, AND DEBT ARREARAGES. FUTURE ECONOMIC PROSPECTS ARE BLEAK, ESPECIALLY OWING TO LOW WORLD SUGAR PRICES, AND GUZMAN WILL HAVE GREAT DIFFICULTY IN MEETING THE HIGH EXPECTATIONS OF HIS SUPPORTERS AND IN MAINTAINING THE COOPERATION OF THE MILITARY WHO OPPOSED HIS ELECTION.

WE ARE GIVING HIGH LEVEL ATTENTION TO WAYS WE CAN HELP THE GUZMAN ADMINISTRATION. WE BELIEVE THE CDF CAN PLAY

A SIGNIFICANT ROLE WHILE PROMOTING COOPERATION BETWEEN THE ENGLISH-SPEAKING AND SPANISH-SPEAKING ISLANDS OF THE CARIBBEAN. WE ARE ALSO ASKING VENEZUELA (PRESIDENT PEREZ HAS PLEDGED TO CONTRIBUTE 10 OF THE RESOURCES OF THE CDF UP TO A TOTAL OF DOLS 30 MILLION) TO HELP.

SINCE THE U.K. HAS FOCUSED MUCH OF ITS CONTRIBUTIONS TO THE CDF ON THE ENGLISH-SPEAKING REGION OF THE CARIBBEAN, IT WOULD BE ESPECIALLY HELPFUL IF THE FRG WOULD HELP THE GUZMAN ADMINISTRATION AND INTRA-REGIONAL COOPERATION BY PLEDGING FUNDS FOR THIS USE IN THE DOMINICAN REPUBLIC TO THE CDF.

A PLEDGE TO THE CDF CAN BE MADE AT ANY TIME, ALTHOUGH
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 204754

A SUBGROUP OF THE CG WILL MEET IN THE FALL TO CONSIDER ASSISTANCE TO THE DOMINICAN REPUBLIC. OTHER SUBGROUP MEETINGS FOR THE BAHAMAS AND THE NETHERLANDS ANTILLES ARE TO BE HELD IN 1978, AND WE HOPE THE FRG WILL PARTICIPATE ACTIVELY IN THESE MEETINGS. CHRISTOPHER

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